



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON D.C. 20548

Barclay  
526005

B-130961

June 22, 1983

The Honorable Don Albosta  
Chairman, Subcommittee  
on Human Resources  
Committee on Post Office  
and Civil Service  
House of Representatives

Dear Mr. Chairman:

This is in response to your letter of June 7, 1983, requesting our comments on a proposed amendment to H.R. 2717, a bill to reauthorize the Office of Government Ethics and to close certain gaps that have become apparent since enactment of the 1978 Ethics Act.

The proposed amendment would require the heads of each of the four major intelligence agencies--the Central Intelligence Agency, the Federal Bureau of Investigation, the Defense Intelligence Agency, and the National Security Agency--to establish a trust if they acquire securities worth more than \$100,000. The trust may be either a qualified blind trust as defined in section 202(f)(3) of the 1978 Ethics Act or a well-diversified portfolio trust which meets the requirements of section 202(f)(4)(B) of that Act.

The stated purpose of the amendment is to prevent the peculiar advantage of their positions, such as access to inside information, from affording them the opportunity to use their Government position for personal gain. It is intended to prevent the appearance of impropriety and to protect the reputation of these agencies and the Government as a whole.

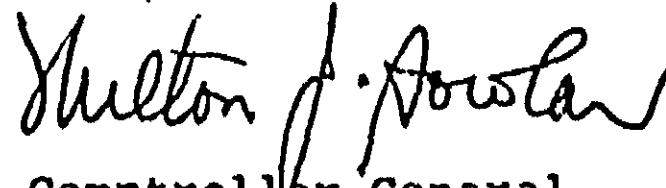
As we understand it, the limitation on these four agencies is premised on the view that they have the greatest access to sensitive information and are subject to the least oversight of any agencies in the Government.

We have no alternative language to offer which would more effectively carry out the purpose of placing control of the assets in an independent trustee who does not have access to or knowledge of the inside information. This should operate as a significant limitation on the use of such information for financial gain, and would remove the appearance of a conflict or impropriety.

To our knowledge there is no provision in the basic legislation of those agencies which is inconsistent with or which would be substantively affected by the proposed amendment.

We would point out, however, that the amendment adds a new dimension to the trust purposes in the 1978 Ethics Act. The proposal would require a trust; that is, a forced control over an individual's assets by a third party, the trustee. As of now the Ethics Act deals with voluntary trust arrangements.

Sincerely yours,

A handwritten signature in cursive script, reading "Shelton J. Fowler".

Acting Comptroller General  
of the United States